

# HOUSE BILL No. 1470

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 12-15-14.

**Synopsis:** Price based nursing home reimbursement. Requires the office of Medicaid policy and planning (office) to reimburse, not later than July 1, 2011, a health facility based on a price based system. Specifies components of a price based reimbursement system. Requires the office to recalculate prices every two years and allows for adjustments in other years.

**Effective:** July 1, 2009.

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**Pelath, Brown C**

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January 14, 2009, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

## HOUSE BILL No. 1470

A BILL FOR AN ACT to amend the Indiana Code concerning Medicaid.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 12-15-14-1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) Except as  
3 provided in subsection (b), payment of services for ~~nursing~~ **health**  
4 facilities shall be determined under the same criteria and in a uniform  
5 manner for all facilities providing services. **After June 30, 2011, the**  
6 **office shall reimburse a health facility for the provision of**  
7 **Medicaid services on a price based reimbursement system instead**  
8 **of a case mix reimbursement system. The office may reimburse a**  
9 **health facility for those services under a price based**  
10 **reimbursement system before July 1, 2011.**

11 (b) In addition to reimbursement under the uniform rates of payment  
12 developed for all ~~nursing~~ **health** facilities under subsection (a):

- 13 (1) ~~nursing~~ **health** facilities that are owned and operated by a  
14 governmental entity may receive any additional payments that are  
15 permitted under applicable federal statutes and regulations; and  
16 (2) ~~nursing~~ **health** facilities that are not owned and operated by a  
17 governmental entity may receive any additional payments that are



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permitted under applicable federal statutes and regulations.

(c) Each governmental transfer or other payment mechanism that the office implements under this chapter must maximize the amount of federal financial participation that the state can obtain through the intergovernmental transfer or other payment mechanism.

SECTION 2. IC 12-15-14-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) Payment of **nursing health** facility services shall be determined in accordance with 42 U.S.C. 1396a(a)(13)(A) and any other applicable federal statutes or regulations governing such payments.

(b) The office may not require a provider to submit non-Medicaid revenue information in the provider's annual historical financial report. Non-Medicaid revenue information obtained by Medicaid auditors in the course of their audits may not be used for public reporting purposes.

(c) The office may only request complete balance sheet data that applies directly to the provider's facility. Complete balance sheet data acquired by the office under this subsection:

(1) is confidential; and

(2) may only be disclosed:

(A) in the aggregate; or

(B) for an individual facility;

if the office removes all non-Medicaid data.

(d) The office of the secretary shall adopt rules under IC 4-22-2 to implement the reimbursement system required by this section.

SECTION 3. IC 12-15-14-6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) **The price based reimbursement system required under section 1 of this chapter must have the following components:**

(1) **A fixed price component for administrative costs, including a statewide:**

(A) **direct care personnel price; and**

(B) **price for personnel who do not provide direct care.**

(2) **The following additional payments:**

(A) **A fair rental value calculation for capital reimbursement that is the result of:**

(i) **the number of beds; multiplied by**

(ii) **the average historical cost of a health facility bed in Indiana; multiplied by**

(iii) **a rental rate factor.**

(B) **Therapy reimbursement for therapy services provided**

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to a Medicaid recipient, based on either:

(i) a ratio of therapy revenue reported on the health facility's Medicaid cost report to total therapy revenue reported; or

(ii) directly billed therapy services.

(C) Quality assessment fee for providers that make quality assessment payments.

(D) Real estate and personal property taxes.

(E) A Medicaid utilization incentive for providers that serve a higher percentage of Medicaid recipients than the average provider.

(b) The personnel price described in subsection (a)(1) is based on the average wages reported on a health facility's Medicaid cost report, and includes an adjustment based on:

(1) the health facility's county wage index compared to the statewide average; and

(2) acuity and the health facility's Medicaid case mix index.

(c) The office shall recalculate the rates every two (2) years based on a statewide wage survey. In a year that the rates are not recalculated, the rates may be updated based on the skilled nursing facility market basket produced by the United States Department of Health and Human Services.

(d) A health facility shall submit to the office a cost report at a time and in a manner prescribed by the office.

SECTION 4. IC 12-15-14-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. The office may adopt rules under IC 4-22-2 necessary to implement this chapter.

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